Bill No. S-86-06-18
(as amended) (as amended)
Special ORDINANCE NO. S-105-86

An Ordinance concerning the refunding of an indebtedness of the municipal waterworks incurred for the acquisition and construction of water facilities by the municipal waterworks of the City of Fort Wayne, the construction of extensions and additions to the waterworks system owned and operated by said City, authorizing the issuance of revenue notes to provide for the cost thereof, matters connected therewith, and repealing ordinances in conflict therewith.

WHEREAS, the City of Fort Wayne is the owner of and operates an unencumbered waterworks system furnishing the public water supply to said City and its inhabitants; and

WHEREAS, the Board of Public Works of the City of Fort Wayne, having the management of said waterworks, having determined that said waterworks should acquire and construct certain water facilities in order to furnish better service to the inhabitants of the City; and

WHEREAS, the City is indebted for said acquisition and construction in the amount of $3,500,000 and desires to refund that indebtedness; and

WHEREAS, the Common Council of the City of Fort Wayne now finds that said indebtedness is subject to pre-payment at any time and that it would be advantageous to the City to refund said indebtedness; and

WHEREAS, the Board of Public Works has determined and the Common Council of the City of Fort Wayne now finds that said waterworks is in need of certain extensions and additions consisting of main extensions, pumping equipment, meters, and like equipment, which are required in order to properly protect the health, well-being, and property of the City and its inhabitants; and

WHEREAS, the cost of said refunding and said extensions and additions will be in an amount not to exceed Twenty One Million Eight Hundred Thirty Eight Thousand One Hundred Sixty Two Dollars and Twenty One Cents ($21,838,162.21), including all incidental expenses necessary to be incurred in connection therewith and in connection with the issuance of notes on account thereof; and

WHEREAS, the Common Council finds that funds required for said refunding and said extensions and additions should be provided, subject to the jurisdiction of the Public Service Commission, by the issuance and sale of revenue notes payable solely out of the net earnings of said waterworks and not constituting a general obligation of the City; and

WHEREAS, the City has outstanding certain Waterworks Revenue Bonds of 1967 (the "1967 Bonds") in the amount of One Million Nine Hundred Eighty Thousand Dollars ($1,980,000) maturing annually over a period ending January 1, 2000, which bonds constitute a first charge upon a portion of the gross revenues of the waterworks and are on a parity with the hereinafter described 1968 Bonds and the hereinafter described 1978 Bonds; and

WHEREAS, simultaneously with notes authorized and issued hereunder the 1967 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a first charge upon the gross revenues or net earnings of the waterworks; and

WHEREAS, the City also has outstanding certain Waterworks Revenue Bonds of 1968 (the "1968 Bonds") in the amount of Two Million One Hundred Eighty Thousand Dollars ($2,180,000), and maturing annually over a period ending January 1, 2000, which bonds constitute a first charge upon a portion of the gross revenues of the waterworks and are on a parity with the 1967 Bonds and the hereinafter described 1978 Bonds; and

WHEREAS, simultaneously with notes authorized and issued hereunder the 1968 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a first charge upon the gross revenues or net earnings of the waterworks; and

WHEREAS, the City also has outstanding certain Waterworks Revenue Bonds of 1978 (the "1978 Bonds") in the amount of Fifteen Million Three Hundred Seventy Five Thousand Dollars ($15,375,000), maturing annually over a period ending January 1, 2003, which bonds constitute a first charge upon a portion of the gross revenues of the waterworks and are on a parity with the 1967 Bonds and the 1968 Bonds; and

WHEREAS, simultaneously with the issuance of the notes authorized hereunder, the 1978 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a first charge upon the gross revenues or net earnings of the waterworks; and

WHEREAS, the City also has outstanding certain Junior Waterworks Refunding Revenue Bonds of 1982 (the "1982 Bonds") in the amount of One Million Three Hundred Seventy Five Thousand Dollars ($1,375,000), maturing annually over a period ending January 1, 2002, which bonds constitute a second charge upon a portion of the gross revenues of the waterworks and are junior to the 1967 Bonds, the 1968 Bonds, and the 1978 Bonds; and

WHEREAS, simultaneously with the notes authorized and issued hereunder the 1982 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a second charge upon the gross revenues or net earnings of the waterworks; and

WHEREAS, the ordinance authorizing the advance refunding of the above-mentioned outstanding 1967 Bonds, 1968 Bonds, 1978 Bonds and 1982 Bonds (which advance refunding bonds so authorized are referred to as the "Refunding Bonds") will provide for the issuance of additional bonds on parity with the Refunding Bonds, provided certain parity tests are met, but the revenue notes to be issued hereunder do not meet said requirements and therefore must be junior and subordinate to said Refunding Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of revenue notes to provide the necessary funds to be applied on the cost of refunding said indebtedness and providing said extensions and additions have been complied with in accordance with the provisions of the governing statutes; now therefore,

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

Section 1. That the City of Fort Wayne (hereinafter sometimes referred to as the "City"), being the owner of and engaged in operating an unencumbered waterworks system supplying the City and its inhabitants with water, now provides for certain needed extensions and additions to such waterworks and for refunding a short term indebtedness incurred by the City to provide funds to pay for an acquisition and construction of water facilities by the municipal waterworks by the issuance of notes payable from the revenues and receipts of such waterworks pursuant to and in the manner prescribed in I.C. 8-1.5-2 (the "Water Act") and I.C. 5-1-6 and all acts amendatory thereof or supplemental thereto (sometimes hereinafter collectively referred to as the "Acts"); provided, however, that the revenue notes authorized by this Ordinance shall be junior and subordinate in all respects to the 1967 Bonds, the 1968 Bonds, the 1978 Bonds, and the 1982 Bonds or, upon the issuance of the Refunding Bonds to said Refunding Bonds, and none of the provisions of this Ordinance shall be so construed as to affect the rights of the holders of the 1967 Bonds, the 1968 Bonds, the 1978 Bonds or the 1982 Bonds so long as such bonds are considered outstanding under the ordinances so authorizing such bonds. The terms "waterworks," "water system," "system," and "waterworks system," where used in this Ordinance, shall be construed to mean and include the existing waterworks system owned by the City of Fort Wayne and all extensions, additions, and improvements thereto and replacements thereof subsequently constructed or acquired.

Section 2. Said extensions and additions shall include the construction and installation of main extensions, pumping equipment, meters and like equipment, all of which shall be constructed and installed in accordance with the plans and specifications prepared by the City's Engineer, which plans and specifications are made a part hereof by reference and are hereby approved. The Board of Public Works is hereby authorized to proceed with the construction and installation of said extensions and additions and to enter into all contracts necessary for such purpose in conformity with the provisions of this Ordinance and of said Act.

Section 3. The proper officers of the City are hereby authorized to proceed with the issuance of the notes authorized hereunder in conformity with the provisions of this Ordinance and of said Acts, subject, however, to the approval of the Public Service Commission for the issuance of the required amount of revenue notes and as to other matters. The proper officers of the City are hereby authorized to file or cause to be filed a proper petition or petitions with the Public Service Commission for the purpose of obtaining the required approval of said Commission. The principal and interest of the notes issued hereunder shall be paid solely and exclusively from the earnings of said waterworks system remaining after providing for the payment for operation and maintenance expenses of said waterworks system (the "Net Earnings") and shall not constitute a general obligation of the City. The Net Earnings shall be set aside into a Bond and Interest Redemption Account pursuant to the ordinance authorizing the issuance of the Refunding Bonds.

Section 4. Beginning as of the date of issuance of the notes herein authorized, the Net Earnings of the existing waterworks, together with the Net Earnings of all extensions, additions, improvements thereto, and replacements thereof made subsequently, shall be set aside into said separate and special fund, and shall be used and applied in the payment of the notes and the interest thereon which are payable from the Net Earnings of the waterworks, for payment of assessed taxes or payments in lieu thereof, and for the extension, replacement in whole or in part, repair, and maintenance and operation of the waterworks. The Net Earnings of said waterworks shall be paid into the several accounts of said special fund as follows:

(a) Bond and Interest Redemption Account. Such portion of the Net Earnings of the waterworks as are necessary to provide for the payment of the interest and principal on the revenue notes and the creation of reserves for such payments shall, as such Net Earnings are received, be set apart and paid into a special account to be identified as the "Bond and Interest Redemption Account." The funds in said account shall be used in the following order:

(1) solely for the purpose of paying the interest on, the principal of, and the reserves for, the 1967 Bonds, the 1968 Bonds, the 1978 Bonds and the 1982 Bonds or, upon the issuance of the Refunding Bonds, the interest on, the principal of, and the reserves for, said Refunding Bonds which, by their terms, are payable from the revenues or Net Earnings, respectively, of the waterworks and any bonds or notes hereafter issued ranking on a parity therewith, to the extent required for that purpose; and

(2) the notes issued pursuant to the provisions of this Ordinance which, by their terms, are payable from the Net Earnings of the waterworks and are junior and subordinate to the 1967 Bonds, the 1968 Bonds the 1978 Bonds and the 1982 Bonds, or, upon the issuance of the Refunding Bonds, to said Refunding Bonds, and any bonds or notes hereafter issued ranking on a parity with the notes authorized herein, to the extent required for that purpose.

If and when a surplus shall be created in said Bond and Interest Redemption Account which shall be in excess of the interest on and principal of the notes payable during the then current calendar, operating or fiscal year, plus ten percent (10%) of the principal and interest payable during the then current calendar, operating, or fiscal year, together with the amount of interest on and principal of all bonds or notes which will become due and payable during the calendar, operating, or fiscal year then next ensuing, then the Common Council may transfer any excess over such surplus to either the Waterworks Tax Account or to the Special Utility Account. The Common Council may also direct that any such excess over such surplus shall be used in the purchase of outstanding notes. No further payments need be made into the Bond and Interest Redemption Account when the funds therein equal or exceed the amount of the principal of the notes then outstanding and interest thereon to the maturity date thereof. Funds necessary to pay the principal of and interest on outstanding notes shall be remitted promptly to the paying agent bank or banks therefor on or prior to the due dates for the payment of interest and principal.

(b) Waterworks Tax Account. In the event that all required payments into the Bond and Interest Redemption Account have been met to date and there has been accumulated as a reserve in said Bond and Interest Redemption Account an amount equal to the respective sums required therein, then any excess Net Earnings of the waterworks available shall be placed in a Waterworks Tax Account (the "Waterworks Tax Account") to the extent necessary to provide for the payment of assessed taxes or payments in lieu of taxes.

(c) Special Utility Account. In the event that all required payments into the Bond and Interest Redemption Account and the Waterworks Tax Account (and any required payments of interest and principal on general obligation bonds or the creation of reserves, therefor, which may be hereinafter issued pursuant to the Water Act) have been met to date and there has been accumulated as a reserve in said Bond and Interest Redemption Account an amount equal to the respective sums required therein, then any excess Net Earnings of the waterworks available shall be placed in a Special Utility Account (the "Special Utility Account") to the extent necessary to provide for the payment of the extension, replacement in whole or in part, repair, and operation and maintenance of the waterworks.

All or any portion of the funds accumulated and reserved in the Waterworks Tax Account or the Special Utility Account shall be transferred to the Bond and Interest Redemption Account if necessary to prevent a default in the payment of principal or interest on the bonds payable from the Bond and Interest Redemption Accounts.

All of the funds of said several accounts shall be deposited in lawful depositories of the City and shall be continuously held, secured, or invested, as provided by the laws of Indiana relating to the depositing, securing, holding, or investing of public funds. The funds in said Bond and Interest Redemption Account shall be kept in a separate bank account apart from all other bank accounts of the City. In no event shall any of the Net Earnings of said waterworks be transferred or used for any purpose not contemplated by this Ordinance.

The City covenants that it will not make any investment of moneys in said respective Accounts in any manner or take or fail to take any other action which would result in the notes constituting arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or the Treasury Regulations or any Revenue Rulings promulgated thereunder, or any applicable successor Section, Regulation, or Ruling, or as determined by any court of competent jurisdiction.

Section 5. For the purpose of procuring funds with which to pay the cost of said refunding, extensions and additions, and issuance expenses, the City of Fort Wayne shall issue its revenue notes under and pursuant to the provisions of this Ordinance and said Acts, which notes shall be payable only out of the special Bond and Interest Redemption Account herein provided for, subject to the prior servicing of the 1967 Bonds, the 1968 Bonds the 1978 Bonds and the 1982 Bonds, or, upon issuance of the Refunding Bonds, such Refunding Bonds, in accordance with the respective terms thereof and shall be designated as "Junior Waterworks Revenue Notes of 1986." Said

Junior Waterworks Revenue Notes of 1986 shall be in a principal amount not exceeding Six Million Two Hundred Fifteen Thousand Dollars ($6,215,000), in the denominations of Five Thousand Dollars ($5,000.00) each or integral multiples thereof, numbered consecutively from 1 upwards, dated as of the first day of the month in which said notes are sold, and shall bear interest at a rate or rates not exceeding seven and one-half percent (7.5%) per annum, the exact rate or rates to be determined by bidding, which interest shall be payable semi-annually on January 1 and July 1 in each year, beginning on January 1, 1987. Both principal of and premium, if any, on the notes shall be payable at the Fort Wayne National Bank (the "Paying Agent" or "Registrar"), in the City of Fort Wayne, Indiana, in lawful money of the United States of America; interest on the notes shall be payable by check or draft of the Paying Agent, mailed to the registered owners thereof as their names appear on the Registrar's registration books as of the 15th day of the month next preceding any interest payment date. Said notes shall mature on July 1, 1989. The Notes of this issue are not redeemable prior to maturity.

Section 6. Said notes shall be executed in the name of the City of Fort Wayne by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the City Controller, and shall be attested manually or by facsimile signature by the Clerk, who shall cause to be affixed, imprinted, or impressed by any means, including facsimile, the seal of the City to each of said notes. In case any officer whose signature appears on the notes shall cease to be such officer before the delivery of such notes, his signature shall nevertheless be valid and sufficient for all

purposes the same as if such officer had remained in office until such delivery. Said notes may, where appropriate, bear the manual or facsimile signatures of validly appointed Deputy officials.

No note shall be valid or obligatory for any purpose unless and until a certificate of authentication on such note substantially in the form herein set forth shall have been duly executed by the Registrar through its authorized representative. Such executed certificate shall be conclusive evidence that such note has been authenticated pursuant to the terms hereof.

The notes issued hereunder shall be fully registered notes without coupons. The notes may be transferred, without charge, except for any applicable tax, fee, or other governmental charge, only at the principal office of the Registrar upon surrender thereof, together with an assignment duly executed by the registered holder or his duly authorized attorney in such form as shall be satisfactory to the Registrar. Upon the transfer of any such note and on request of the Registrar, the City shall cause to be executed in the name of the transferee, and the Registrar shall authenticate and deliver, at the option of the transferee, a new fully registered note or notes, of any authorized denomination or denonominations, in an aggregate principal amount equal to the unmatured and unredeemd principal amount of such note or notes surrendered and bearing interest at the same rate and maturing on the same date or dates. Neither the City nor the Registrar shall be required to make any such exchange or transfer of any note (i) during the fifteen (15) days next preceding any date on which such note

may be selected for redemption from among any notes to be redeemed, or (ii) after such note has been selected for redemption for a period of thirty (30) days prior to the redemption date.

As to any note, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and redemption premium, if any, on any such note and the interest on such note shall be made only to or upon the order of the regsitered holder thereof or his duly authorized attorney in such form as shall be satisfactory to the Paying Agent and neither the City nor the Paying Agent shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided.

Section 7. The form and tenor of said notes, the Registrar's certificate of authentication to be endorsed thereon, and the form of assignment to be endorsed thereon shall be substantially as follows, to-wit:

UNITED STATES OF AMERICA
CITY OF FORT WAYNE
JUNIOR WATERWORKS REVENUE NOTE OF 1986

State of Indiana County of Allen

No. _____

Interest Rate	Maturity	Dated Date	Authentication Date	CUSIP
	July 1, 1989	August 1, 1986		

Registered Owner:
Principal sum: $

The City of Fort Wayne, a municipal corporation, duly organized and existing under the laws of the State of Indiana (hereinafter sometimes called the "City") hereby promises to pay to the Registered Owner stated above, or registered assigns, solely out of the special fund hereinafter referred to, the Principal Sum stated above on the Maturity Date stated above, and to pay interest thereon until payment of such Principal Sum, or provision therefor, shall have been made upon redemption or at maturity solely from such special revenue fund. This Note shall bear interest from the interest payment date next preceding the date on which it is authenticated and delivered (such date of authentication and delivery being the "Authentication Date" stated above) unless (a) it is authenticated and delivered after the fifteenth day of the month next preceding the month of the next interest payment date and on or before such interest payment date in which event it shall bear interest from such interest payment date or (b) it is authenticated on or before December 15, 1986, in which event it shall bear interest from August 1, 1986 (the "Dated Date"). Such interest shall be payable to the Registered Owner or registered assigns appearing on the registration books maintained by the Registrar as of the close of business on the fifteenth day of the calendar month next preceding the applicable interest payment date at the Interest Rate per annum stated above, payable semiannually on January 1 and July 1 in each year commencing on the first January 1 or July 1 following the Authentication Date stated above.

The principal of and redemption premium on this Note are payable in lawful money of the United States of America at the principal office of The Fort Wayne National Bank (the "Paying

Agent" and "Registrar"), in the City of Fort Wayne, Indiana. The interest on this Note is payable in lawful money of the United States of America by check or draft of the Paying Agent, mailed to the Registered Owner at his address as it appears on the registration books maintained by the Registrar.

This note is one of an authorized issue of notes of the City of Fort Wayne of like date, tenor, and effect, except as to numbering, in the aggregate total amount of _____ _____ Dollars ($_____), issued for the purpose of providing funds to refund a short term indebtedness incurred to pay the cost of acquisition and construction of water facilities by the municipally owned waterworks of said City and for the construction of extensions and additions to the waterworks system pursuant to an ordinance passed by the Common Council of said City on _____, 1986, entitled "An Ordinance concerning the refunding of an indebtedness of the municipal waterworks incurred for the acquisition and construction of water facilities by the municipal waterworks of the City of Fort Wayne, the construction of extensions and additions to the waterworks system owned and operated by said City, authorizing the issuance of revenue notes to provide for the cost thereof, matters connected therewith, and repealing ordinances in conflict therewith," (the "Ordinance") and in strict compliance with the provisions of the governing statutes, particularly I.C. 8-1.5-2 and I.C. 5-1-6, and all Acts amendatory thereof or supplemental thereto.

The principal of and interest on this note and all other notes of said issue, together with any notes hereafter issued ranking on a parity therewith, are equally and ratably secured

by the net earnings of said waterworks as the same now exists or may hereafter be improved and extended, which net earnings are to be deposited in a special fund to be known as the "Bond and Interest Redemption Account" which has heretofore been duly created by the Ordinance described above, all subject, however, to the prior payment in accordance with the terms thereof of the interest on and principal of certain Waterworks Revenue Refunding Bonds of 1986, issued under date of August 1, 1986 simultaneously herewith, in the principal amount of

_____

_____ ($_____) and maturing semi-annually on July 1 and January 1 in each year, beginning January 1, 1990 through and including July 1, 2008 and constituting a first charge upon the net earnings of the waterworks. The City shall not be obligated to pay said notes or the interest thereof, except from said special fund, and neither this note nor the issue of which it is a part shall in any respect constitute a corporate indebtedness of the City within the provisions and limitations of the Constitution of the State of Indiana.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF DULY SET FORTH HEREIN.

(Reverse of Note)

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges

provided in the Ordinance and upon surrender and cancellation of this Note. Upon such transfer a new registered Note or Notes without coupons of the same maturity and in authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary. The Notes are issuable as fully registered Notes in denominations of $5,000 or integral multiples thereof. The Notes may not be registered to bearer. Subject to the limitations and upon payment of the charges provided in the Ordinance, registered Notes may be exchanged for a like aggregate principal amount of registered Notes of the same maturity of authorized denominations.

As provided in Section 5 of the Ordinance, the Notes are not subject to redemption prior to maturity.

The City covenants that it will, to the fullest extent permitted by law, fix, maintain, and collect an aggregate of rates and charges for the services rendered by said waterworks which will be sufficient to pay all costs of operation and maintenance of said waterworks to create and maintain a fund for the payment of all notes and bonds which by their terms are payable from the net earnings of the waterworks, to create and maintain a fund for the payment of assessed taxes or payments in lieu of taxes, and to create and maintain a fund for the

payment of the extension, replacement in whole or part, repair, and operation and maintenance of the waterworks and that it will in all other respects faithfully comply with all of the provisions of the governing statutes pursuant to which this note is issued. In the event the City shall make any default in the payment of the principal of or interest on this note, the holder hereof shall have all of the rights and remedies provided by the governing statutes, including the right to compel the collection of sufficient rates and charges to provide for the payment of this note and the interest hereon. Provided, however, nothing herein shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of the issue of which this Note is a part and the net earnings derived from the operation of said waterworks system and this Note shall not in any respect constitute a general obligation of the City in its corporate capacity.

(Front of Note)

It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the execution, issuance, authentication, and delivery of this note have been done and performed in regular and due form as provided by law. This note shall not be a valid obligation until authenticated by the Registrar or its successor in interest by execution of the Registrar's certificate endorsed hereon.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, State of Indiana, has caused this note to be executed in its corporate name by the manual or facsimile signature of the duly elected, qualified, and acting Mayor, countersigned by the manual of facsimile signature of its duly appointed, qualified and acting City Controller, its corporate seal to be hereunto affixed, imprinted, or impressed by any means and attested manually or by facsimile by its duly elected, qualified, and acting Clerk, all as of the first day of July, 1986.

CITY OF FORT WAYNE

By_____
Mayor

Attest:

_____
City Clerk

Countersigned:

_____
City Controller

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This note is one of the notes described in the within mentioned Ordinance.

THE FORT WAYNE NATIONAL BANK,
as Registrar

By_____
Authorized Representative

The following abbreviations, when used in the inscription of the face of the within note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM.	as tenants in common
TEN ENT.	as tenants by the entireties
JT TEN.	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT. _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act

_____
(State)

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

For value received, the undersigned hereby sells and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFEREE

_____

_____
(Please Print or Typewrite Name
and Address of Transferee)

the within note, and hereby authorizes the transfer of this note on the registration books of the Registrar.

Dated: _____

Signature Guaranteed:

_____
NOTICE: Signature(s) must be guaranteed by a registered broker-dealer or a commercial bank or trust company.

_____
Registered Owner
(NOTE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this note in every particular without alteration or enlargement or any change whatsoever).

Section 8. The City Controller is hereby authorized and directed to have said notes prepared, and the Mayor, City Controller and Clerk are hereby authorized and directed to

execute said notes in the form and manner hereinbefore provided. The City Controller shall cause to be published a notice of sale twice, at least one week apart, with the first publication being at least fifteen days prior to the sale and the second publication being at least three days prior to the sale in accordance with I.C. 5-1-11 and I.C. 5-3-1. The notice shall be published in the News-Sentinel and in the Journal Gazette, the only newspapers of general circulation published in Fort Wayne and may be published one time in the Indianapolis Commercial published in the City of Indianapolis, Indiana. A summary notice may be published in the Bond Buyer published in the City of New York, New York. Said notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check in the amount of Seventy Five Thousand Dollars ($75,000) to guarantee performance on the part of the bidder, and that in the event the successful bidder shall fail or refuse to accept delivery of the notes and pay for the same as soon as the notes are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default. The note sale notice shall state the time and place of sale, the total amount of notes, the maximum rate of interest thereon, the maturities thereof, the purpose for which the notes are being issued, the terms and conditions on which bids will be received and the sale made, and shall set out such other information as the City Controller, acting on the advice of the City Attorney and bond counsel, shall deem necessary and any summary notice may contain any information deemed so advisable.

All bids for said notes shall be sealed and shall be presented to the City Controller at his office. Bidders shall be required to name the rate of interest which the notes are to bear, not exceeding the maximum rate hereinbefore fixed. Such interest rate shall be in multiples of one-eighth (1/8) or one-tenth (1/10) of one percent (1%). The City Controller shall award the notes to the highest qualified bidder. The highest bidder shall be the one who offers the lowest interest cost to the City, to be determined by computing the total interest on all of the notes to their maturities and deducting therefrom the premium bid, if any. No bid for less than the par value of said notes, including accrued interest to the date of delivery, shall be considered. The City Controller shall have the right to reject any and all bids, and in the event no satisfactory bids are received, the City Controller shall be authorized to continue the sale from day to day for a period of thirty (30) days without readvertisement; provided, however, that if said sale be continued no bid shall be accepted which is lower than the highest bid received at the time fixed for such sale in the note sale notice.

Prior to the delivery of said notes to the purchaser thereof, the City Controller shall obtain a legal opinion as to the validity of the notes from Bingham Summers Welsh & Spilman, acting as bond counsel for the City, and shall furnish such opinion to the purchaser of the notes. The fee of such bond counsel shall be considered as part of the cost of such issue and shall be paid out of the proceeds of said notes.

The Common Council authorizes the insurance of the notes with a municipal bond insurance company if the City Controller,

acting on the advice of the City's financial consultant, finds such insurance advisable, in the best interest of the City and necessary, convenient or desirable to make the notes issued hereunder more marketable. The cost of obtaining said insurance shall be considered as a part of the cost of the project on account of which the notes are issued, and shall be paid out of the proceeds of the notes or out of other funds of the waterworks.

The City covenants that it will not invest the proceeds of said notes, or any moneys treated as proceeds by the Internal Revenue Service, in any manner, or take or fail to take any other action, which would result in said notes constituting "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or the Treasury Regulations or any Revenue Rulings promulgated thereunder, or any applicable successor Section, Regulation, or Ruling, or as determined by any court of competent jurisdiction.

Section 9. In the event it shall be hereafter determined that it is not necessary to issue all of the notes authorized by this Ordinance, or the Public Service Commission of Indiana shall not approve the issuance of said total amount of notes, the City Controller shall be authorized to sell and deliver a lesser amount of notes than herein authorized, in which case the notes not sold or delivered shall be of the last maturity or maturities.

The notes herein authorized, when fully paid for and delivered to the purchaser, shall be the binding and special revenue obligations of the City, payable out of the Net

Earnings of the waterworks system of said City according to their tenor and effect, and the proceeds derived from the sale of said notes shall be and are hereby set aside for the purpose of paying the cost of construction and installation of the aforesaid extensions and additions, the refunding of the indebtedness incurred for payment for the acquisition and construction of water facilities by said municipal waterworks and the expenses necessarily incurred in connection therewith, including the expenses incurred in connection with the issuance and sale of the notes. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do all acts and things which may be necessary to carry out the provisions of this Ordinance.

Section 10. Any accrued interest and any premium received at the time of the delivery of the notes shall be deposited in the Bond and Interest Redemption Account heretofore duly created. The remaining proceeds from the sale of the notes shall be used immediately to refund the aforementioned short term indebtedness and to pay costs of issuance incidental to the note issue. All proceeds remaining after the aforementioned deposit in the Bond and Interest Redemption Account and payments with respect to the refunding and incidental costs of issuance shall, upon receipt, be deposited in a bank or banks which are legally designated and qualified depositories for the funds of the City in a special account or accounts to be designated as "City of Fort Wayne, 1986 Waterworks Construction Account." The funds in each of such special accounts shall be deposited, secured, and held or invested, as provided by the laws of the State of Indiana relating to the depositing, securing, and holding or investing

of public funds. The funds in such special account or accounts and any income derived from the investment thereof shall be expended only for the purpose of paying the cost of the extensions and additions to said waterworks as herein authorized, the incidental expenses incurred in connection therewith, including legal fees, and for the payment of interest accuring on the notes during the period of construction, if required for that purpose. Any balance or balances remaining unexpended in such special account or accounts after the completion of the work which are not required to meet unpaid obligations incurred in connection with the construction of the work shall be deposited in the Bond and Interest Redemption Account within sixty (60) days after completion of the project.

Section 11. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all earnings collected from said waterworks and deposited in the special accounts heretofore established and all disbursements made therefrom and all transactions relating to said waterworks. There shall be prepared and furnished to the original purchaser of the notes, and, upon written request, to any holder of the notes, not more than sixty (60) days after the close of each annual fiscal period, complete operating and income statements and balance sheets of the waterworks, in reasonable detail, covering such annual fiscal period together with a statement of the balances as of the close of such fiscal year in each of the accounts hereinbefore referred to in this Ordinance, which statements shall be prepared by an independent certified public accountant. Said annual statements shall also

include a statement as to the number of customers of the waterworks at the close of said fiscal year and the number at the end of the preceding year, and comments of said accountant relative to the manner in which the City has carried out the requirements of this Ordinance and any other ordinances authorizing then outstanding bonds or notes. The fees or charges of such accountant shall be deemed to be a cost of operation and maintenance of the waterworks. Copies of all such statements and reports shall at all times be kept on file in the office of the City Controller. Any holder of the notes or representative of any holder duly authorized by written instrument shall have the right at all reasonable times to inspect the waterworks and the records, accounts and data of the City relating thereto.

Section 12. The City shall, to the fullest extent permitted by law, establish, maintain and collect reasonable and just rates and charges for the services and facilities afforded by said waterworks which will provide earnings at least sufficient to pay the reasonable and proper cost of the maintenance and operation of the waterworks, to pay the principal of, the interest on and reserves for all notes and bonds payable from the Net Earnings of the waterworks as the same become due and provide a surplus or margin of ten percent (10%) of the principal and interest due each year, which shall be cumulative, to pay assessed taxes or payments in lieu of taxes, and to pay for the extension, replacement in whole or in part, repair, and operation and maintenance of the waterworks as necessary. So long as any of the notes herein authorized are outstanding, none of the facilities and services afforded by said waterworks shall be furnished without a reasonable and

just charge being made therefor. The reasonable value of any facility or service rendered to the City, or to any department, agency or instrumentality thereof, including the use of water for hydrants for fire protection or for any other purpose, shall be charged against the City and shall be paid for as the charges accrue, and the payments so received shall be deemed to be earnings derived from the operation of the waterworks and shall be used and accounted for in the same manner as other earnings derived from the operation of the waterworks.

Section 13. If, prior to the maturity of the notes issued hereunder, (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, to pay the whole amount of the prinicipal and the interest due and payable at maturity upon all of the notes then outstanding; then and in that case the notes issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Earnings of the City's waterworks established in Section 4(a).

Section 14. The City reserves the right to authorize and issue additional notes or bonds, payable out of the revenues of the waterworks, of equal priority with, or of superior priority to, the notes authorized by this Ordinance for the purpose of

financing the cost of future additions, extensions and improvements to the waterworks, subject to the following conditions:

(a) The interest on and principal of all notes and bonds payable from the revenues of the waterworks shall have been paid to date in accordance with the terms thereof, and all required payments into the Bond and Interest Redemption Account have been made in accordance with the provisions of this Ordinance.

(b) (i) The amount of Net Earnings of the waterworks deposited in the Bond and Interest Redemption Account in the calendar year immediately preceding the issuance of any such additional parity notes or bond, or any such superior priority notes or bonds, shall be not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding notes and bonds and the additional parity, or superior priority notes or bonds proposed to be issued; or

(ii) Prior to the issuance of said parity notes or bonds or said superior priority notes or bonds, the water rates and charges shall be increased sufficiently so that said increased water rates and charges when applied to the previous calandar year's operations would have produced Net Earnings in an amount not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding notes and bonds and the additional parity or superior priority notes or bonds proposed to be issued.

For purposes of this subsection, the records of the waterworks shall be analyzed and all showings shall be prepared by a certified public accountant employed by the City for that purpose.

(c) To the extent required by law, the issuance of the proposed additional parity notes or bonds or the proposed additional superior priority notes or bonds and any necessary increase in water rates and charges shall have been approved by the Public Service Commission of Indiana, and said Commission shall have certified that the Net Earnings of the waterworks, after providing for operation and maintanance, will be sufficient to pay the principal and interest of all notes and bonds payable from the Net Earnings of the waterworks, including the additional parity notes or bonds proposed to be issued or the additional superior priority notes or bonds proposed to be issued.

(d) The principal on such additional parity notes or bonds or such additional superior priority notes or bonds shall be payable on January 1 in the years in which principal is payable, and the interest on said notes or bonds shall be payable semi-annually on January 1 and July 1 in the years in which said interest is payable.

Section 15. For the purpose of further safeguarding the interests of the holders of the notes, it is specifically provided as follows:

(a) All construction contracts shall be let to responsible contractors who shall be required to furnish construction notes

in an amount equal to one hundred percent (100%) of the amount of such contracts to insure the completion of such contracts in accordance with their terms and such contractors shall be required to carry such employer's liability and public liability insurance as are required under the laws of the State of Indiana in the case of public contracts.

(b) The extensions and additions shall be contracted for and constructed to the approval of the City's Engineer or such other consulting engineers as may be hereafter employed by the City. All estimates for work done and material furnished shall first be checked by the the City's Engineer or such consulting engineers before being approved by the City.

(c) The City shall, at all times, maintain said waterworks in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the notes herein authorized are outstanding, the City shall maintain insurance on the insurable parts of the waterworks of a kind and in an amount such as is usually carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business in the State of Indiana, and any insurance proceeds collected shall be used in replacing the property destroyed or damaged.

(e) So long as any of the notes herein authorized are outstanding, the City shall not mortgage, pledge or otherwise encumber its waterworks or any part thereof, and shall not sell, lease or otherwise dispose of any portion thereof except

such equipment which may become worn out or obsolete, and shall be replaced; nor, except as provided in Section 14 hereof, shall the City execute or issue any additional notes, bonds or other obligations pledging any portion of the revenues of said waterworks unless the same be made subordinate and junior in all respects to the notes herein authorized.

(f) The provisions of this Ordinance shall be construed to create a trust in the proceeds derived from the sale of the notes herein authorized, for the uses and purposes herein set forth, and so long as any of said notes are outstanding the provisions of this Ordinance shall also be construed to create a trust in the Net Earnings of the waterworks herein directed to be set apart and paid into the Bond and Interest Redemption Account for the uses and purposes of said account as in this Ordinance set forth.

(g) The provisions of this Ordinance shall constitute a contract by and between the City of Fort Wayne and the holders of the notes herein authorized, all of the terms of which shall be enforceable in law or in equity, and after the issuance of the notes this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and interests of the holders of said notes, nor shall the Common Council of the City adopt any law, ordinance or resolution in any way adversely affecting the rights of such holders so long as any of the notes or the interest thereon remain unpaid. The holders of the notes shall have all of the rights, remedies and privileges, either expressly set forth in the provisions of I.C. 8-1.5-2 and I.C. 5-1-6 and all acts amendatory thereof and supplemental thereto, or implied therein, including the right

to compel the collection of sufficient rates and charges to provide for the payment of the notes issued hereunder and the interest thereon. Provided, however, none of the provisions of this Ordinance shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of said notes and the Net Earnings derived from the operation of said waterworks system and said notes shall not in any respect constitute general obligations of the City in its corporate capacity.

Section 16. Subject to the terms and provisions contained in this section, and not otherwise, the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the notes issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and appprove the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any note issued pursuant to this Ordinance; or

(b) A reduction in the principal amount of any note or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the revenues of the waterworks ranking prior to the pledge thereof created by this Ordinance except as provided in Section 14 hereof; or

(d) A preference or priority of any note or notes issued pursuant to this Ordinance over any other note or notes issued pursuant to the provisions of this Ordinance; or

(e) A reduction in the aggregate principal amount of the notes required for consent to such supplemental ordinance.

The holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the notes outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk of the City. No holder of any note issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all holders of notes issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined

exercised and enforced in accordance with this Ordinance, subject to all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the holders of the notes authorized by this Ordinance, and the terms and provisions of the notes and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the holders of all the notes issued pursuant to this Ordinance then outstanding.

Section 17. All ordinances and parts of ordinances in conflict herewith are hereby repealed, specifically including but not limited to Ordinance No. S-64-86 passed and adopted by the Common Council on April 22, 1986 and approved by the Mayor of the City on April 23, 1986; provided, however, that this Ordinance shall not be deemed in any way to repeal, amend, alter or modify the ordinances authorizing the issuance of the 1967 Bonds, the 1968 Bonds, the 1978 Bonds, or the 1982 Bonds, or any ordinance authorizing the advance refunding of said bonds nor be construed as adversely affecting the rights of the holders of the aforementioned outstanding 1967 Bonds, 1968 Bonds, 1978 Bonds, or the 1982 Bonds.

Section 18. This Ordinance shall be in full force and effect from and after its passage and signing by the Mayor.

_____
Councilman

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as Special Ordinance No. S-__-86 on the ____ day of _____, 1986.

ATTEST:

_____ _____

City Clerk Presiding Officer

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the ____ day of _____, 1986, at the hour of _____ o'clock a.m./p.m., E.S.T.

_____

City Clerk

Approved and signed by me this ____ day of _____, 1986, at the hour of ___ o'clock a.m./p.m., E.S.T.

_____

Win Moses, Jr. - Mayor

Read the first time in full and on motion by Gia Quinta, seconded by Redd, and duly adopted, read the second time by title and referred to the Committee Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, ~~City-County Building~~, Fort Wayne Indiana, on _____, the _____ day of _____, 19____, at _____ o'clock ____.M.,E.S

DATE: 6-10-86

Sandra E. Kennedy
~~SANDRA E. KENNEDY, CITY CLERK~~
Deputy Clerk

Read the ~~third~~ time in full and on motion by Redd, seconded by Eisbart, and duly adopted, placed on its passage. PASSED (~~LOST~~) by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT	TO-WIT:
TOTAL VOTES	8	____	____	1	____
BRADBURY	✓	____	____	____	____
BURNS	✓	____	____	____	____
EISBART	✓	____	____	____	____
GiaQUINTA	____	____	____	✓	____
HENRY	✓	____	____	____	____
REDD	✓	____	____	____	____
SCHMIDT	✓	____	____	____	____
STIER	✓	____	____	____	____
TALARICO	✓	____	____	____	____

DATE: 6-24-86

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (~~ANNEXATION~~) (~~APPROPRIATION~~) (GENERAL) (SPECIAL) (~~ZONING~~ MAP) ORDINANCE (~~RESOLUTION~~) NO. S-105-86 on the 24th day of June, 19 86,

ATTEST: (SEAL)

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Samuel J. Talarico
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 25th day of June, 19 86, at the hour of 11:00 o'clock A.M.,E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 26 day of June, 19 86, at the hour of 10 o'clock A.M.,E.S.T.

WIN MOSES, JR., MAYOR

Bill No. D-86-06-18

ORDINANCE NO. S-__-86

An Ordinance concerning the refunding of an indebtedness of the municipal waterworks incurred for the acquisition and construction of water facilities by the municipal waterworks of the City of Fort Wayne, the construction of extensions and additions to the waterworks system owned and operated by said City, authorizing the issuance of revenue notes to provide for the cost thereof, matters connected therewith, and repealing ordinances in conflict therewith.

WHEREAS, the City of Fort Wayne is the owner of and operates an unencumbered waterworks system furnishing the public water supply to said City and its inhabitants; and

WHEREAS, the Board of Public Works of the City of Fort Wayne, having the management of said waterworks, having determined that said waterworks should acquire and construct certain water facilities in order to furnish better service to the inhabitants of the City; and

WHEREAS, the City is indebted for said acquisition and construction in the amount of $3,500,000 and desires to refund that indebtedness; and

WHEREAS, the Common Council of the City of Fort Wayne now finds that said indebtedness is subject to pre-payment at any time and that it would be advantageous to the City to refund said indebtedness; and

WHEREAS, the Board of Public Works has determined and the Common Council of the City of Fort Wayne now finds that said waterworks is in need of certain extensions and additions consisting of main extensions, pumping equipment, meters, and like equipment, which are required in order to properly protect the health, well-being, and property of the City and its inhabitants; and

WHEREAS, the cost of said refunding and said extensions and additions will be in the approximate amount of Seven Million Twenty Five Thousand Dollars ($7,025,000), including all incidental expenses necessary to be incurred in connection therewith and in connection with the issuance of notes on account thereof; and

WHEREAS, the Common Council finds that funds required for said refunding and said extensions and additions should be provided, subject to the jurisdiction of the Public Service Commission, by the issuance and sale of revenue notes payable solely out of the revenues of said waterworks and not constituting a general obligation of the City; and

WHEREAS, the City has outstanding certain Waterworks Revenue Bonds of 1967 (the "1967 Bonds") in the amount of Two Million Four Hundred Five Thousand Dollars ($2,405,000), bearing interest at the rate of five percent (5%) per annum and maturing annually over a period ending January 1, 2000, which bonds constitute a first charge upon a portion of the gross revenues of the waterworks and are on a parity with the hereinafter described 1968 Bonds and the hereinafter described 1978 Bonds; and

WHEREAS, simultaneously with notes authorized and issued hereunder the 1967 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a first charge upon the gross revenues of the waterworks; and

WHEREAS, the City also has outstanding certain Waterworks Revenue Bonds of 1968 (the "1968 Bonds") in the amount of Two Million Six Hundred Five Thousand Dollars ($2,605,000), bearing interest at the rates of five and one-half percent (5-1/2%) or five and four-tenths percent (5.4%) per annum, depending on the maturities, and maturing annually over a period ending January 1, 2000, which bonds constitute a first charge upon a portion of the gross revenues of the waterworks and are on a parity with the 1967 Bonds and the hereinafter described 1978 Bonds; and

WHEREAS, simultaneously with notes authorized and issued hereunder the 1968 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a first charge upon the gross revenues of the waterworks; and

WHEREAS, the City also has outstanding certain Waterworks Revenue Bonds of 1978 (the "1978 Bonds") in the amount of Seventeen Million Fifteen Thousand Dollars ($17,015,000), bearing interest at the rates of six and three-quarters percent (6-3/4%) per annum, six percent (6%) per annum, and six and one-half percent (6-1/2%) per annum, depending on the maturities, and maturing annually over a period ending January 1, 2003, which bonds constitute a first charge upon a portion of the gross revenues of the waterworks and are on a parity with the 1967 Bonds and the 1968 Bonds; and

WHEREAS, simultaneously with the issuance of the notes authorized hereunder, the 1978 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a first charge upon the gross revenues of the water works; and

WHEREAS, the City also has outstanding certain Junior Waterworks Refunding Revenue Bonds of 1982 (the "1982 Bonds") in the amount of One Million Three Hundred Seventy Five Thousand Dollars ($1,375,000), bearing interest at the rate of twelve percent (12%) per annum, and maturing annually over a period ending January 1, 2002, which bonds constitute a second charge upon a portion of the gross revenues of the waterworks and are junior to the 1967 Bonds, the 1968 Bonds, and the 1978 Bonds; and

WHEREAS, simultaneously with the notes authorized and issued hereunder the 1982 Bonds will be advanced refunded and at that time will no longer be considered outstanding nor constitute a second charge upon the gross revenues of the water works; and

WHEREAS, the ordinance authorizing the advance refunding of the above-mentioned outstanding 1967 Bonds, 1968 Bonds, 1978 Bonds and 1982 Bonds (which advance refunding bonds so authorized are referred to as the "Refunding Bonds") will provide for the issuance of additional bonds on parity with the Refunding Bonds, provided certain parity tests are met, but the revenue notes to be issued hereunder do not meet said requirements and therefore must be junior and subordinate to said Refunding Bonds; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of revenue notes to provide the necessary funds to be applied on the cost of refunding said indebtedness and providing said extensions and additions have been complied with in accordance with the provisions of the governing statutes; now therefore,

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

Section 1. That the City of Fort Wayne (hereinafter sometimes referred to as the "City"), being the owner of and engaged in operating an unencumbered waterworks system supplying the City and its inhabitants with water, now provides for certain needed extensions and additions to such waterworks and for refunding a short term indebtedness incurred by the City to provide funds to pay for an acquisition and construction of water facilities by the municipal waterworks by the issuance of notes payable from the revenues and receipts of such waterworks pursuant to and in the manner prescribed in I.C. 8-1.5-2 and I.C. 5-1-6 and all acts amendatory thereof or supplemental thereto (sometimes hereinafter referred to as the "Acts"); provided, however, that the additional revenue notes authorized by this Ordinance shall be junior and subordinate in all respects to the 1967 Bonds, the 1968 Bonds, the 1978 Bonds, and the 1982 Bonds or, upon the issuance of the Refunding Bonds to said Refunding Bonds and none of the provisions of this Ordinance shall be so construed as to affect the rights of the holders the 1967 Bonds, the 1968 Bonds, the 1978 Bonds or the

1982 Bonds so long as such bonds are considered outstanding under the ordinances so authorizing such bonds. The terms "waterworks," "water system," "system," and "waterworks system," where used in this Ordinance, shall be construed to mean and include the existing waterworks system owned by the City of Fort Wayne and all extensions, additions, and improvements thereto and replacements thereof subsequently constructed or acquired.

Section 2. Said extensions and additions shall include the construction and installation of main extentions, pumping equipment, meters and like equipment in connection with the General Motors Project, all of which shall be constructed and installed in accordance with the plans and specifications prepared by the City's Engineer, which plans and specifications are made a part hereof by reference and are hereby approved. The Board of Public Works is hereby authorized to proceed with the construction and installation of said extensions and additions and to enter into all contracts necessary for such purpose in conformity with the provisions of this ordinance and of said Act.

Section 3. The proper officers of the City are hereby authorized to proceed with the issuance of the notes authorized hereunder in conformity with the provisions of this Ordinance and of said Acts, subject, however, to the approval of the Public Service Commission for the issuance of the required amount of revenue notes and as to other matters. The proper officers of the City are hereby authorized to file or cause to be filed a proper petition or petitions with the Public Service

Commission for the purpose of obtaining the required approval of said Commission. The principal and interest of the notes issued hereunder shall be paid solely and exclusively from the revenues of said waterworks system and shall not constitute a general obligation of the City. The income and revenues hereinafter referred to are currently being set aside into a fund pursuant to the ordinances authorizing the issuance of the 1967 Bonds, the 1968 Bonds, the 1978 Bonds, and the 1982 Bonds.

Section 4. Beginning as of the date of issuance of the notes herein authorized, the income and revenues of the existing waterworks, together with the income and revenues of all extensions, additions, improvements thereto, and replacements thereof made subsequently, shall continue to be set aside into said separate and special fund, and shall be used and applied in the maintenance and operation thereof in establishing a depreciation account and for payment of the notes and the interest thereon which are payable from the revenues of the waterworks. From and after the date on which the new schedule of water rates to be adopted becomes effective, the proportion of the gross revenues of said waterworks that shall be paid into the several accounts of said special fund as provided by said Acts is hereby fixed and determined as follows:

(a) Operation and Maintenance Account. Sixty-one percent (61%) of the gross revenues of said waterworks shall be paid into the "Operation and Maintenance Account" and shall be used to pay the necessary cost of the reasonable and proper operation and maintenance of the waterworks, including any

taxes required to be paid. The sum so set aside for operation and maintenance shall be applied exclusively to that purpose until a surplus shall have been accumulated in the Operation and Maintenance Account which shall be equal to the cost of maintaining and operating the waterworks during the remainder of the calendar, operating, or fiscal year then current and the cost of maintaining and operating the waterworks during the calendar, operating, or fiscal year then next ensuing. Any excess over such surplus may be transferred by the Common Council to either the Depreciation Account or the Bond and Interest Redemption Account.

(b) Depreciation Account. Ten percent (10%) of the gross revenues of said waterworks shall be paid into the "Depreciation Account" and shall be expended in making good depreciation in the waterworks or in new construction, extensions, or additions to the property of the waterworks. Any accumulations in such Depreciation Account not required for immediate use may be invested in direct obligations of the United States Government and if so invested, the income from the investment shall accrue to the Depreciation Account. Said account shall not be used for any purpose other than as herein provided.

(c) Bond and Interest Redemption Account. Twenty-nine percent (29%) of the gross revenues of the waterworks shall, as such revenues are received, be set apart and paid into a special account to be identified as the "Bond and Interest Redemption Account." The funds in said account shall be used in the following order:

(1) solely for the purpose of paying the interest on and principal of the 1967 Bonds, the 1968 Bonds, the 1978 Bonds and the 1982 Bonds or, upon the issuance the Refunding Bonds, the interest on and principal of said Refunding Bonds which, by their terms, are payable from the revenues of the waterworks and any bonds or notes hereafter issued ranking on a parity therewith, to the extent required for that purpose; and

(2) the notes issued pursuant to the provisions of this Ordinance which, by their terms, are payable from the revenues of the waterworks and are junior and subordinate to the 1967 Bonds, the 1968 Bonds the 1978 Bonds and the 1982 Bonds, or, upon the issuance of the Refunding Bonds, to said Refunding Bonds and any bonds or notes hereafter issued ranking on a parity to the notes authorized herein, to the extent required for that purpose.

If and when a surplus shall be created in said Bond and Interest Redemption Account which shall be in excess of the interest on and principal of the notes, plus ten percent (10%) of the principal and interest payable during the then current calendar, operating, or fiscal year, together with the amount of interest on and principal of all bonds or notes which will become due and payable during the calendar, operating, or fiscal year then next ensuing, then the Common Council may transfer any excess over such surplus to either the Operation and Maintenance Account or to the Depreciation Account. The Common Council may also direct that any such excess over such surplus shall be used in the purchase of outstanding notes. No further payments need be made into the Bond and Interest

Redemption Account when the funds therein equal or exceed the amount of the principal of the notes then outstanding and interest thereon to the maturity date thereof. Funds necessary to pay the principal of and interest on outstanding notes shall be remitted promptly to the paying agent bank or banks therefor on or prior to the due dates for the payment of interest and principal.

All of the funds of said several accounts shall be deposited in lawful depositories of the City and shall be continuously held, secured, or invested, as provided by the laws of Indiana relating to the depositing, securing, holding, or investing of public funds. The funds in said Bond and Interest Redemption Account shall be kept in a separate bank account apart from all other bank accounts of the City. In no event shall any of the revenues of said waterworks be transferred or used for any purpose not authorized by this Ordinance and no transfers to the general fund or any similar fund of the City shall be made so long as any of the notes issued pursuant to the provisions of this Ordinance shall be outstanding.

The City covenants that it will not make any investment of moneys in said respective Accounts in any manner or take or fail to take any other action which would result in the notes constituting arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or the Treasury Regulations or any Revenue Rulings promulgated thereunder, or any applicable successor Section, Regulation, or Ruling, or as determined by any court of competent jurisdiction.

Section 5. For the purpose of procuring funds with which to pay the cost of said refunding, extensions and additions, and issuance expenses, the City of Fort Wayne shall issue its revenue notes under and pursuant to the provisions of this Ordinance and said Acts, which notes shall be payable only out of the special Bond and Interest Redemption Account herein provided for, subject to the prior servicing of the 1967 Bonds, the 1968 Bonds the 1978 Bonds and the 1982 Bonds, or, upon issuance of the Refunding Bonds, such Refunding Bonds, in accordance with the respective terms thereof and shall be designated as "Junior Waterworks Revenue Notes of 1986." Said Junior Waterworks Revenue Notes of 1986 shall be in a principal amount not exceeding Seven Million Twenty Five Thousand Dollars ($7,025,000), in the denominations of Five Thousand Dollars ($5,000.00) each or integral multiples thereof, numbered consecutively from 1 upwards, dated as of the first day of the month in which said notes are sold, and shall bear interest at a rate or rates not exceeding nine percent (9%) per annum, the exact rate or rates to be determined by bidding, which interest shall be payable semi-annually on January 1 and July 1 in each year, beginning on January 1, 1987. Both principal of and premium, if any, on the notes shall be payable at the Fort Wayne National Bank (the "Paying Agent" or "Registrar"), in the City of Fort Wayne, Indiana, in lawful money of the United States of America; interest on the notes shall be payable by check or draft of the Paying Agent, mailed to the registered owners thereof as their names appear on the Registrar's registration books as of the 15th day of the month next preceding any interest payment date. Said notes shall mature on January 1, 1989. The Notes of this issue are not redeemable prior to maturity.

Section 6. Said notes shall be executed in the name of the City of Fort Wayne by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the City Controller, and shall be attested manually or by facsimile signature by the Clerk, who shall cause to be affixed, imprinted, or impressed by any means, including facsimile, the seal of the City to each of said notes. In case any officer whose signature appears on the notes shall cease to be such officer before the delivery of such notes, his signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. Said notes may, where appropriate, bear the manual or facsimile signatures of validly appointed Deputy officials.

No note shall be valid or obligatory for any purpose unless and until a certificate of authentication on such note substantially in the form herein set forth shall have been duly executed by the Registrar through its authorized representative. Such executed certificate shall be conclusive evidence that such note has been authenticated pursuant to the terms hereof.

The notes issued hereunder shall be fully registered notes without coupons. The notes may be transferred, without charge, except for any applicable tax, fee, or other governmental charge, only at the principal office of the Registrar upon surrender thereof, together with an assignment duly executed by the registered holder or his duly authorized attorney in such form as shall be satisfactory to the Registrar. Upon the transfer of any such note and on request of the Registrar, the

City shall cause to be executed in the name of the transferee, and the Registrar shall authenticate and deliver, at the option of the transferee, a new fully registered note or notes, of any authorized denomination or denonominations, in an aggregate principal amount equal to the unmatured and unredeemd principal amount of such note or notes surrendered and bearing interest at the same rate and maturing on the same date or dates. Neither the City nor the Registrar shall be required to make any such exchange or transfer of any note (i) during the fifteen (15) days next preceding any date on which such note may be selected for redemption from among any notes to be redeemed, or (ii) after such note has been selected for redemption for a period of thirty (30) days prior to the redemption date.

As to any note, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and redemption premium, if any, on any such note and the interest on such note shall be made only to or upon the order of the regsitered holder thereof or his duly authorized attorney in such form as shall be satisfactory to the Paying Agent and neither the City nor the Paying Agent shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provoded.

Section 7. The form and tenor of said notes, the Registrar's certificate of authentication to be endorsed thereon, and the form of assignment to be endorsed thereon shall be substantially as follows, to-wit:

UNITED STATES OF AMERICA

CITY OF FORT WAYNE

JUNIOR WATERWORKS REVENUE NOTES OF 1986

State of Indiana County of Allen

No. _____

Interest Rate	Maturity	Dated Date	Authentication Date	CUSIP
	January 1, 1989	July 1, 1986		

Registered Owner:
Principal sum: $

The City of Fort Wayne, a municipal corporation, duly organized and existing under the laws of the State of Indiana (hereinafter sometimes called the "City") hereby promises to pay to the Registered Owner stated above, or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum stated above on the Maturity Date stated above, and to pay interest thereon until payment of such Principal Sum, or provision therefor, shall have been made upon redemption or at maturity solely from such special revenue fund. This Note shall bear interest from the interest payment date next preceding the date on which it is authenticated and delivered (such date of authentication and delivery being the "Authentication Date" stated above) unless (a) it is authenticated and delivered after the fifteenth day of the

month next preceding the month of the next interest payment date and on or before such interest payment date in which event it shall bear interest from such interest payment date or (b) it is authenticated on or before December 15, 1986, in which event it shall bear interest from July 1, 1986 (the "Dated Date"). Such interest shall be payable to the Registered Owner or registered assigns appearing on the registration books maintained by the Registrar as of the close of business on the fifteenth day of the calendar month next preceding the applicable interest payment date at the Interest Rate per annum stated above, payable semiannually on January 1 and July 1 in each year commencing on the first January 1 or July 1 following the Authentication Date stated above.

The principal of and redemption premium on this Note are payable in lawful money of the United States of America at the principal office of The Fort Wayne National Bank (the "Paying Agent" and "Registrar"), in the City of Fort Wayne, Indiana. The interest on this Note is payable in lawful money of the United States of America by check or draft of the Paying Agent, mailed to the Registered Owner at his address as it appears on the registration books maintained by the Registrar.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF DULY SET FORTH HEREIN.

(Reverse of Note)

This note is one of an authorized issue of notes of the City of Fort Wayne of like date, tenor, and effect, except as to numbering, in the aggregate total amount of Seven Million Twenty Five Thousand Dollars ($7,025,000), issued for the purpose of providing funds to refund a short term indebtedness incurred to pay the cost of acquisition and construction of water facilities by the municipally owned waterworks of said City and for the construction of extensions and additions to the waterworks system pursuant to an ordinance passed by the Common Council of said City on _____, 1986, entitled "An Ordinance concerning the refunding of an indebtedness of the municipal waterworks incurred for the acquisition and construction of water facilities by the municipal waterworks of the City of Fort Wayne, the construction of extensions and additions to the waterworks system owned and operated by said City, authorizing the issuance of revenue notes to provide for the cost thereof, matters connected therewith, and repealing ordinances in conflict therewith," (the "Ordinance") and instruct compliance with the provisions of the governing statutes, particularly I.C. 8-1.5-2 and I.C. 5-1-6, and all Acts amendatory thereof or supplemental thereto.

The principal of and interest on this note and all other notes of said issue, together with any notes hereafter issued ranking on a parity therewith, are equally and ratably secured by twenty-nine percent (29%) of the gross income and revenues of said waterworks as the same now exists or may hereafter be improved and extended, which percentage of such income and revenues is to be deposited in a special fund to be known as the "Bond and Interest Redemption Account" which has heretofore

been duly created by ordinance Nos. 2357 and 2454 adopted on March 1, 1951 and continued by the ordiance authorizing the Refunding Bonds, all subject, however, to the prior payment in accordance with the terms thereof of the interest on and principal of certain Waterworks Revenue Refunding Bonds of 1986, bearing interest at the rates of _____ percent (__%) per annum, issued under date of July 1, 1986 simultaneously herewith, in the principal amount of Twenty One Million Two Hundred Fifty Seven Thousand Two Hundred Seventy One Dollars and Twenty Cents ($21,257,271.20) and maturing semi-annually on July 1 and January 1 in each year, beginning July 1, 1989 through and including January 1, 2008 and constituting a first charge upon the revenues allocated to said Bond and Interest Redemption Act. The City shall not be obligated to pay said notes or the interest thereof, except from said special fund, and neither this note nor the issue of which it is a part shall in any respect constitute a corporate indebtedness of the City within the provisions and limitations of the constitution of the State of Indiana.

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance and upon surrender and cancellation of this Note. Upon such transfer a new registered Note or Notes without coupons of the same maturity and in authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the

purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary. The Notes are issuable as fully registered Notes in denominations of $5,000 or integral multiples thereof. The Notes may not be registered to bearer. Subject to the limitations and upon payment of the charges provided in the Ordinance, registered Notes may be exchanged for a like aggregate principal amount of registered Notes of the same maturity of authorized denominations.

As provided in Section 5 of the Ordinance, the Notes are not subject to redemption prior to maturity.

The City covenants that it will, to the fullest extent permitted by law, fix, maintain, and collect an aggregate of rates and charges for the services rendered by said waterworks which will be sufficient to pay all costs of operation and maintenance of said waterworks, to provide a proper and adequate depreciation account, and to create and maintain the sinking fund required for the payment of all notes which by their terms are payable from the revenues of the waterworks and that it will in all other respects faithfully comply with all of the provisions of the governing statutes pursuant to which this note is issued. In the event the City shall make any default in the payment of the principal of or interest on this note, the holder hereof shall have all of the rights and remedies provided by the governing statutes, including the right to compel the collection of sufficient rates and charges to provide for the payment of this note and the interest

hereon. Provided, however, nothing herein shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of the issue of which this Note is a part and the revenues derived from the operation of said waterworks system and this Note shall not in any respect constitute a general obligation of the City in its corporate capacity.

(Front of Note)

It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the execution, issuance, authentication, and delivery of this note have been done and performed in regular and due form as provided by law. This note shall not be a valid obligation until authenticated by the Registrar or its successor in interest by execution of the Registrar's certificate endorsed hereon.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, State of Indiana, has caused this note to be executed in its corporate name by the manual or facsimile signature of the duly elected, qualified, and acting Mayor, countersigned by the manual of facsimile signature of its duly appointed, qualified and acting City Controller, its corporate seal to be hereunto affixed, imprinted, or impressed by any means and attested manually or by facsimile by its duly elected, qualified, and acting Clerk, all as of the first day of July, 1986.

CITY OF FORT WAYNE

By_____
Mayor

Attest:

_____
City Clerk

Countersigned:

_____
City Controller

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This note is one of the notes described in the within mentioned Ordinance.

THE FORT WAYNE NATIONAL BANK,
as Registrar

By_____
Authorized Representative

The following abbreviations, when used in the inscription of the face of the within note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM.	as tenants in common
TEN ENT.	as tenants by the entireties
JT TEN.	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT. _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors Act

_____
(State)

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

For value received, the undersigned hereby sells and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFEREE

_____

_____
(Please Print or Typewrite Name
and Address of Transferee)

the within note, and hereby authorizes the transfer of this note on the registration books of the Registrar.

Dated:_____

Signature Guaranteed:

_____
NOTICE: Signature(s) must be guaranteed by a registered broker-dealer or a commercial bank or trust company.

_____
Registered Owner
(NOTE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this note in every particular without alteration or enlargement or any change whatsoever).

Section 8. The City Controller is hereby authorized and directed to have said notes prepared, and the Mayor, City Controller and Clerk are hereby authorized and directed to execute said notes in the form and manner hereinbefore provided. The City Controller shall cause to be published a notice of sale twice, at least one week apart, with the first publication being at least fifteen days prior to the sale and the second publication being at least three days prior to the sale in accordance with I.C. 5-1-11 and I.C. 5-3-1. The notice shall be published in the News-Sentinel and in the Journal Gazette, the only newspapers of general circulation published in Fort Wayne and may be published one time in the Indianapolis Commercial published in the City of Indianapolis, Indiana. A

summary notice may be published in the Bond Buyer published in the City of New York, New York. Said notice shall provide, among other things, that each bid shall be accompanied by a certified or cashier's check in the amount of Seventy Five Thousand Dollars ($75,000) to guarantee performance on the part of the bidder, and that in the event the successful bidder shall fail or refuse to accept delivery of the notes and pay for the same as soon as the notes are ready for delivery, or at the time fixed in the notice of sale, then said check and the proceeds thereof shall be the property of the City and shall be considered as its liquidated damages on account of such default. The note sale notice shall state the time and place of sale, the total amount of notes, the maximum rate of interest thereon, the maturities thereof, the purpose for which the notes are being issued, the terms and conditions on which bids will be received and the sale made, and shall set out such other information as the City Controller, acting on the advice of the City Attorney and bond counsel, shall deem necessary and any summary notice may contain any information deemed so advisable.

All bids for said notes shall be sealed and shall be presented to the City Controller at his office. Bidders shall be required to name the rate of interest which the notes are to bear, not exceeding the maximum rate hereinbefore fixed. Such interest rate shall be in multiples of one-eighth (1/8) or one-tenth (1/10) of one percent (1%). The City Controller shall award the notes to the highest qualified bidder. The highest bidder shall be the one who offers the lowest interest cost to the City, to be determined by computing the total

interest on all of the notes to their maturities and deducting therefrom the premium bid, if any. No bid for less than the par value of said notes, including accrued interest to the date of delivery, shall be considered. The City Controller shall have the right to reject any and all bids, and in the event no satisfactory bids are received, the City Controller shall be authorized to continue the sale from day to day for a period of thirty (30) days without readvertisement; provided, however, that if said sale be continued no bid shall be accepted which is lower than the highest bid received at the time fixed for such sale in the note sale notice.

Prior to the delivery of said notes to the purchaser thereof, the City Controller shall obtain a legal opinion as to the validity of the notes from Bingham Summers Welsh & Spilman, acting as bond counsel for the City, and shall furnish such opinion to the purchaser of the notes. The fee of such bond counsel shall be considered as part of the cost of such issue and shall be paid out of the proceeds of said notes.

The Common Council authorizes the insurance of the notes with a municipal bond insurance company if the City Controller, acting on the advice of the City's financial consultant, finds such insurance advisable, in the best interest of the City and necessary, convenient or desirable to make the notes issued hereunder more marketable. The cost of obtaining said insurance shall be considered as a part of the cost of the project on account of which the notes are issued, and shall be paid out of the proceeds of the notes or out of other funds of the waterworks.

The City covenants that it will not invest the proceeds of said notes, or any moneys treated as proceeds by the Internal Revenue Service, in any manner, or take or fail to take any other action, which would result in said notes constituting "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or the Treasury Regulations or any Revenue Rulings promulgated thereunder, or any applicable successor Section, Regulation, or Ruling, or as determined by any court of competent jurisdiction.

Section 9. In the event it shall be hereafter determined that it is not necessary to issue all of the notes authorized by this Ordinance, or the Public Service Commission of Indiana shall not approve the issuance of said total amount of notes, the City Controller shall be authorized to sell and deliver a lesser amount of notes than herein authorized, in which case the notes not sold or delivered shall be of the last maturity or maturities.

The notes herein authorized, when fully paid for and delivered to the purchaser, shall be the binding and special revenue obligations of the City, payable out of the income and revenues of the waterworks system of said City according to their tenor and effect, and the proceeds derived from the sale of said notes shall be and are hereby set aside for the purpose of paying the cost of construction and installation of the aforesaid extensions and additions, the refunding of the indebtedness incurred for payment for the acquisition and construction of water facilities by said municipal water works and the expenses necessarily incurred in connection therewith,

including the expenses incurred in connection with the issuance and sale of the notes. The proper officers of the City are hereby directed to draw all proper and necessary warrants, and to do all acts and things which may be necessary to carry out the provisions of this Ordinance.

Section 10. Any accrued interest and any premium received at the time of the delivery of the notes shall be deposited in the Bond and Interest Redemption Account heretofore duly created. The remaining proceeds from the sale of the notes shall be used immediately to refund the aforementioned short term indebtedness and to pay costs of issuance incidental to the note issue. All proceeds remaining after the aforementioned deposit in the Bond and Interest Redemption Account and payments with respect to the refunding and incidental costs of issuance shall, upon receipt, be deposited in a bank or banks which are legally designated and qualified depositories for the funds of the City in a special account or accounts to be designated as "City of Fort Wayne, 1986 Waterworks Construction Account." The funds in each of such special accounts shall be deposited, secured, and held or invested, as provided by the laws of the State of Indiana relating to the depositing, securing, and holding or investing of public funds. The funds in such special account or accounts and any income derived from the investment thereof shall be expended only for the purpose of paying the cost of the extensions and additions to said waterworks as herein authorized, the incidental expenses incurred in connection therewith, including legal fees, and for the payment of interest accuring on the notes during the period of

construction, if required for that purpose. Any balance or balances remaining unexpended in such special account or accounts after the completion of the work which are not required to meet unpaid obligations incurred in connection with the construction of the work shall be deposited in the Bond and Interest Redemption Account within sixty (60) days after completion of the project.

Section 11. The City shall keep proper books of records and accounts, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues collected from said waterworks and deposited in the special accounts heretofore established and all disbursements made therefrom and all transactions relating to said waterworks. There shall be prepared and furnished to the original purchaser of the notes, and, upon written request, to any holder of the notes, not more than sixty (60) days after the close of each annual fiscal period, complete operating and income statements and balance sheets of the waterworks, in reasonable detail, covering such annual fiscal period together with a statement of the balances as of the close of such fiscal year in each of the accounts hereinbefore referred to in this Ordinance, which statements shall be prepared by an independent certified public accountant. Said annual statements shall also include a statement as to the number of customers of the waterworks at the close of said fiscal year and the number at the end of the preceding year, and comments of said accountant relative to the manner in which the City has carried out the requirements of this Ordinance and any other ordinances authorizing then outstanding notes. The fees or charges of

such accountant shall be deemed to be a cost of operation and maintenance of the waterworks. Copies of all such statements and reports shall at all times be kept on file in the office of the City Controller. Any holder of the notes or representative of any holder duly authorized by written instrument shall have the right at all reasonable times to inspect the waterworks and the records, accounts and data of the City relating thereto.

Section 12. The City shall, to the fullest extent permitted by law, establish, maintain and collect reasonable and just rates and charges for the services and facilities afforded by said waterworks which will provide revenues at least sufficient to pay the reasonable and proper cost of the maintenance and operation of the waterworks, to provide a proper and reasonable depreciation account, and to pay the principal of and interest on all notes and bonds payable from the revenues of the waterworks as the same become due and provide a surplus or margin of ten percent (10%) of the principal and interest due each year, which shall be cumulative. So long as any of the notes herein authorized are outstanding, none of the facilities and services afforded by said waterworks shall be furnished without a reasonable and just charge being made therefor. The reasonable value of any facility or service rendered to the City, or to any department, agency or instrumentality thereof, including the use of water for hydrants for fire protection or for any other purpose, shall be charged against the City and shall be paid for as the charges accrue, and the revenue so received shall be deemed to be revenue derived from the operation of the waterworks and shall be used and accounted for in the same manner as other revenues derived from the operation of the waterworks.

Section 13. If, prior to the maturity of the notes issued hereunder, (i) sufficient moneys, or (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys, or (iii) time certificates of deposit fully secured as to both principal and interest by obligations of the kind described in (ii) above of a bank or banks the principal of and interest on which when due will provide sufficient moneys, shall be held in trust for such purpose, to pay the whole amount of the prinicipal and the interest due and payable at maturity upon all of the notes then outstanding; then and in that case the notes issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the percentage of gross revenues of the City's waterworks established in Section 4(c).

Section 14. The City reserves the right to authorize and issue additional notes or bonds, payable out of the revenues of the waterworks, of equal priority with, or of superior priority to, the notes authorized by this Ordinance for the purpose of financing the cost of future additions, extensions and improvements to the waterworks, subject to the following conditions:

(a) The interest on and principal of all notes and bonds payable from the revenues of the waterworks shall have been paid to date in accordance with the terms thereof, and all required payments into the Bond and Interest Redemption Account have been made in accordance with the provisions of this Ordinance.

(b) (i) The amount of gross revenues of the waterworks allocated by Section 4(c) of this Ordinance to and deposited in the Bond and Interest Redemption Account in the calendar year immediately preceding the issuance of any such additional parity notes or bond, or any such superior priority notes or bonds, shall be not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding notes and bonds and the additional parity, or superior priority notes or bonds proposed to be issued;

(ii) Prior to the issuance of said parity notes or bonds or said superior priority notes or bonds, the proportion of the gross revenues allocated to said Bond and Interest Redemption Account shall be increased sufficiently so that said increased proportion applied to the previous calendar year's gross revenues would have produced revenues in said Bond and Interest Redemption Account for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding notes and bonds and the additional parity or superior priority notes or bonds proposed to be issued;

(iii) Prior to the issuance of said parity notes or bonds or said superior priority notes or bonds, the water rates and charges shall be increased sufficiently and the proportion of gross revenues allocated to said Bond and Interest Redemption Account increased sufficiently so that said increased water rates and charges applied to the previous calandar year's operations would have produced gross revenues in an amount so that the proportion allocated to said Bond and

Interest Redemption Account for said year would have equaled not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding notes and bonds and the additional parity or superior priority notes or bonds proposed to be issued.

For purposes of this subsection, the records of the waterworks shall be analyzed and all showings shall be prepared by a certified public accountant employed by the City for that purpose.

(c) To the extent required by law, the issuance of the proposed additional parity notes or bonds or the proposed additional superior priority notes or bonds and any necessary increase in water rates and charges shall have been approved by the Public Service Commission of Indiana, and said Commission shall have certified that the income and revenues of the waterworks, after providing for operation and maintanance and depreciation, will be sufficient to pay the principal and interest of all notes and bonds payable from the revenues of the waterworks, including the additional parity notes or bonds proposed to be issued or the additional superior priority notes or bonds proposed to be issued.

(d) The principal on such additional parity notes or bonds or such additional superior priority notes or bonds shall be payable on January 1 in the years in which principal is payable, and the interest on said notes or bonds shall be payable semi-annually on January 1 and July 1 in the years in which said interest is payable.

Section 15. For the purpose of further safeguarding the interests of the holders of the notes, it is specifically provided as follows:

(a) All construction contracts shall be let to responsible contractors who shall be required to furnish construction notes in an amount equal to one hundred percent (100%) of the amount of such contracts to insure the completion of such contracts in accordance with their terms and such contractors shall be required to carry such employer's liability and public liability insurance as are required under the laws of the State of Indiana in the case of public contracts.

(b) The extensions and additions shall be contracted for and constructed to the approval of the City's Engineer or such other consulting engineers as may be hereafter employed by the City. All estimates for work done and material furnished shall first be checked by the the City's Engineer or such consulting engineers before being approved by the City.

(c) The City shall, at all times, maintain said waterworks in good condition and operate the same in an efficient manner and at a reasonable cost.

(d) So long as any of the notes herein authorized are outstanding, the City shall maintain insurance on the insurable parts of the waterworks of a kind and in an amount such as is usually carried by private companies engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business in the State of

Indiana, and any insurance proceeds collected shall be used in replacing the property destroyed or damaged.

(e) So long as any of the notes herein authorized are outstanding, the City shall not mortgage, pledge or otherwise encumber its waterworks or any part thereof, and shall not sell, lease or otherwise dispose of any portion thereof except such equipment which may become worn out or obsolete, and shall be replaced; nor, except as provided in Section 14 hereof, shall the City execute or issue any additional notes, bonds or other obligations pledging any portion of the revenues of said waterworks unless the same be made subordinate and junior in all respects to the notes herein authorized.

(f) The provisions of this Ordinance shall be construed to create a trust in the proceeds derived from the sale of the notes herein authorized, for the uses and purposes herein set forth, and so long as any of said notes are outstanding the provisions of this Ordinance shall also be construed to create a trust in the fixed proportion of the revenues of the waterworks herein directed to be set apart and paid into the Bond and Interest Redemption Account for the uses and purposes of said account as in this Ordinance set forth.

(g) The provisions of this Ordinance shall constitute a contract by and between the City of Fort Wayne and the holders of the notes herein authorized, all of the terms of which shall be enforceable in law or in equity, and after the issuance of the notes this Ordinance shall not be repealed or amended in any respect which will adversely affect the rights and

interests of the holders of said notes, nor shall the Common Council of the City adopt any law, ordinance or resolution in any way adversely affecting the rights of such holders so long as any of the notes or the interest thereon remain unpaid. The holders of the notes shall have all of the rights, remedies and privileges, either expressly set forth in the provisions of I.C. 8-1.5-2 and I.C. 5-1-6 and all acts amendatory thereof and supplemental thereto, or implied therein, including the right to compel the collection of sufficient rates and charges to provide for the payment of the notes issued hereunder and the interest thereon. Provided, however, none of the provisions of this Ordinance shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of said notes and the revenues derived from the operation of said waterworks system and said notes shall not in any respect constitute general obligations of the City in its corporate capacity.

Section 16. Subject to the terms and provisions contained in this section, and not otherwise, the holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the notes issued pursuant to this Ordinance and then outstanding shall have the right, from time to time, anything contained in this Ordinance to the contrary notwithstanding, to consent to and appprove the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance;

provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any note issued pursuant to this Ordinance; or

(b) A reduction in the principal amount of any note or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the revenues of the waterworks ranking prior to the pledge thereof created by this Ordinance except as provided in Section 14 hereof; or

(d) A preference or priority of any note or notes issued pursuant to this Ordinance over any other note or notes issued pursuant to the provisions of this Ordinance; or

(e) A reduction in the aggregate principal amount of the notes required for consent to such supplemental ordinance.

The holders of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the notes outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Clerk of the City. No holder of any note issued pursuant to this Ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation

thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all holders of notes issued pursuant to the provisions of this Ordinance then outstanding, shall thereafter be determined exercised and enforced in accordance with this Ordinance, subject to all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the holders of the notes authorized by this Ordinance, and the terms and provisions of the notes and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the holders of all the notes issued pursuant to this Ordinance then outstanding.

Section 17. All ordinances and parts of ordinances in conflict herewith are hereby repealed, specifically including but not limited to Ordinance No. S-64-86 passed and adopted by the Common Council on April 22, 1986 and approved by the Mayor of the City on April 23, 1986; provided, however, that this Ordinance shall not be deemed in any way to repeal, amend, alter or modify the ordinances authorizing the issuance of the 1967 Bonds, the 1968 Bonds, the 1978 Bonds, or the 1982 Bonds, or any ordinance authorizing the advance refunding of said bond

issuances nor be construed as adversely affecting the rights of the holders of the aforementioned outstanding 1967 Bonds, 1968 Bonds, 1978 Bonds, or the 1982 Bonds.

Section 18. This Ordinance shall be in full force and effect from and after its passage and signing by the Mayor.

Councilman

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as Special Ordinance No. S-__-86 on the ____ day of _____, 1986.

ATTEST:

City Clerk

Presiding Officer

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the ____ day of _____, 1986, at the hour of _____ o'clock a.m./p.m., E.S.T.

City Clerk

Approved and signed by me this ____ day of _____, 1986, at the hour of ___ o'clock a.m./p.m., E.S.T.

Win Moses, Jr. - Mayor

Approved as to Form and Legality
This 9th day of June, 1986.

Bruce O. Boxberger, City Attorney

BILL NO. S-86-06-18 (as amended) (as amended)

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS REFERRED AN (ORDINANCE) (~~RESOLUTION~~) concerning the refunding of an indebtedness of the municipal waterworks incurred for the acquisition and consturction of water facilities by the municipal waterworks of the City of Fort Wayne

HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID (ORDINANCE) (~~RESOLUTION~~)

YES	NO
Mark E. GiaQUINTA MARK E. GiaQUINTA CHAIRMAN	
Charles B. Redd CHARLES B. REDD VICE CHAIRMAN	
PAUL M. BURNS	
Janet G. Bradbury JANET G. BRADBURY	
JAMES S. STIER	

CONCURRED IN 6-24-86

SANDRA E. KENNEDY
CITY CLERK